

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

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AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 /096 W

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R 242227Z APR 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 9871

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 1662

E.O. 11652: N/A

TAG SC EGEN, HTT

SUBJ: INITIAL BUSINESS REACTION TO NEWLY NAMED GOVERNMENT

SUMMARY: BUSINESS CIRCLES IMPRESSED BY MINISTERIAL SELECTIONS AS FAVORABLE TO HONDURAN PRIVATE SECTOR. IMPORTANT SELECTIONS YET TO BE ANNOUNCED ON SEMI-AUTONOMOUS AGENCIES, SUPREME COURT AND MILITARY CONSIDERED IMPORTANT IN DIRECTION TO BE TAKEN BY NEW ADMINISTRATION. END SUMMARY.

1. PRIVATE SECTOR VIEW OF NEW MINISTER OF ECONOMY CAPT. ARMANDO SAN MARTIN UNIFORMLY POSITIVE. HE IS WELL KNOWN TO BUSINESS COMMUNITY AS AN EFFECTIVE BANKER WHO HAS PROMOTED DEVELOPMENT OF BANCAHSA WITH STEADY EXPANSION. HIS REPUTATION IS NOT AS CONSERVATIVE AS MOST BANKERS, IN PART BECAUSE OF HIS FINANCING OF AGRICULTURAL COOPERATIVES AND A CONTINUOUS OPEN MINDED ATTITUDE TOWARD EXPANSION OF BANCAHSA SERVICES AND PROGRAMS. HE WILL BE THE FIRST BUSINESSMAN IN THE CABINET SINCE THE END OF THE CRUZ GOVERNMENT.

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2. MINISTER OF

FINANCE PORFIRIO ZAVALA LIKEWISE REASONABLY
WELL KNOWN AND CONSIDERED TECHNICALLY COMPETENT. THE PRESENCE
OF TWO BANKERS IN THE CABINET IS REASSURING TO CONSERVATIVE
PRIVATE SECTOR ELEMENTS.

3. WHILE REASSURED BY CABINET APPOINTMENTS PRIVATE SECTOR
SPOKESMAN CURIOUS ABOUT POSSIBLE CHANGES IN CENTRAL BANK,
NATIONAL DEVELOPMENT BANK, AND OTHER SEMI-AUTONOMOUS AGENCIES
SUCH AS THE NATIONAL POWER COMPANY, THE NATIONAL LUMBER
COMPANY AND OTHERS. TWO ADDITIONAL POSSIBILITIES OF GREAT
IMPORTANCE ARE THE CHOICES OF HEAD OF THE ARMED FORCES AND
THE SUPREME COURT. THE MOST CONSERVATIVE BUSINESS INTERESTS
ARE WATCHING THE FORMER POSITION IN EXPECTATION THAT
IT WILL BE THE MOST DIFFICULT TO FILL DUE TO RIVALRIES
AMONG THE LT. COLS. THE SUPREME COURT POSITION IS SEEN AS
MOST IMPORTANT AS A LAST LINE OF DEFENSE AGAINST STATIST
GOVERNMENT POLICIES.

4. ONE OBSERVER CONTENTS THAT THE NEW GOVERNMENT WILL
PROVIDE A CHANCE FOR THE "NORMALLY TEARFUL AND CARPING" PRIVATE
SECTOR TO PUT UP OR SHUT UP ON MOVING THE HONDURAN ECONOMY
FORWARD. HE CONTENTS THIS MAY BE THE LAST CHANCE.

5. A CONSENSUS IS THAT THE APPOINTMENTS TO DATE ARE
SURPRISINGLY POSITIVE FROM THE PRIVATE SECTOR VIEW. HARSH
CHANGES IN LEGISLATIVE PROGRAMS ARE NOT EXPECTED. HOWEVER,
EXECUTIVE AND ADMINISTRATIVE DIRECTION OF EXISTING PROGRAMS,
IN PARTICULAR THE AGRARIAN REFORM, COULD SEE SIGNIFICANT
IMPROVEMENT TO THE ADVANTAGE OF THE PRIVATE SECTOR. THERE
ARE LIKEWISE EXPECTATIONS OR HOPE THAT GREATER HONESTY WILL
RESULT FROM PRESSURES DEVELOPED IN THE RECENT SCANDAL. THE
CABINET CHOICES ARE SEEN AS A MOVE AWAY FROM THE POLITICAL LEFT
TOWARD THE MORE TRADITIONAL CENTER. THE PRIVATE SECTOR ELEMENTS
DO NOT SEEM INTERESTED IN MOVEMENT TOWARD GENERAL ELECTIONS.
FOR THE MOMENT THIS IS NEITHER DESIRED NOR EXPECTED. FURTHER
VIEW WILL BE REPORTED.
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